



General Services Administration  
Office of General Counsel  
Washington, DC 20405

RECEIVED

OCT 13 1992

October 13, 1992

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Ms. Donna Searcy, Secretary  
Federal Communications Commission  
1919 M Street, N.W. - Room 222  
Washington, D.C. 20554

ORIGINAL  
FILE

Re: Amendment of Parts 65 and 69 of the Commission's  
Rules to Reform the Interstate Rate of Return  
Represcription and Enforcement Processes,  
CC Docket No. 92-133

Dear Ms. Searcy:

Enclosed please find the original and nine copies of the Reply Comments of the General Services Administration for filing in the above-referenced docket. As indicated on the certificate of service, copies of this pleading have been served on all interested parties.

Sincerely,

*Michael J. Ettner*

Michael J. Ettner  
Senior Assistant General Counsel  
Personal Property Division

Enclosures

cc: Downtown Copy Center  
All Interested Parties

No. of Copies rec'd 0 + 9  
List A B C D E



ORIGINAL  
RECEIVED

In the Matter of

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

CC Docket No.92-133

DENNIS MULLINS  
General Counsel

VINCENT L. CRIVELLA  
Associate General Counsel  
Personal Property Division

MICHAEL J. ETTNER  
Senior Assistant General Counsel  
Personal Property Division

GENERAL SERVICES ADMINISTRATION  
18th & F Streets, N.W., Room 4002  
Washington, D.C. 20405

October 13, 1992

REPLY COMMENTS OF THE GENERAL SERVICE ADMINISTRATION

CC DOCKET NO. 92-133

TABLE OF CONTENTS

	<u>PAGE</u>
SUMMARY . . . . .	i
I. INTRODUCTION . . . . .	1
II. PRICE CAP SHARING LIMITS SHOULD BE ADJUSTED WHENEVER THE AUTHORIZED ROR IS REPRESCRIBED. . . . .	3
III. CHANGES IN COST OF CAPITAL SHOULD BE EXAMINED ANNUALLY AND REPRESRIPTION PROCEEDINGS SHOULD BE INITIATED IF SIGNIFICANT CHANGE HAS OCCURRED. . . . .	6
IV. A CHANGE OF 1.5 PERCENT IN THE 10 YEAR TREASURY BOND YIELD SHOULD TRIGGER A RATE OF RETURN PROCEEDING. . . . .	8
V. THE COMMISSION SHOULD CONCLUDE THIS PROCEEDING EXPEDITIOUSLY AND CONCURRENTLY INITITATE A PROCEEDING TO DETERMINE THE APPROPRIATE RATE OF RETURN UNDER CURRENT MARKET CONDITIONS. . .	11
VI. REPRESRIPTION PROCEEDINGS SHOULD BE CONDUCTED AS NOTICE AND COMMENT PROCEEDINGS. . . . .	12
VII. EXCESS EARNINGS BY ROR CARRIERS SHOULD BE SUBJECT TO THE SAME SHARING RULES AS PRICE CAP CARRIERS. . . . .	13
VIII. CONCLUSION. . . . .	14
ATTACHMENT A: RISK PREMIUM VARIABILITY	
ATTACHMENT B: BOND YIELDS	

## SUMMARY

The yield on 10 year Treasury Bonds has fallen by 230 basis points since the last rate of return represcription, and it is time for the Commission to make good its pledge to take action if changes in the capital markets indicate that a represcription proceeding is warranted.

The record developed in this proceeding makes it clear that the Commission should streamline its rate of return represcription process and immediately initiate a proceeding to determine the appropriate rate of return under current market conditions. This new return should serve as both the target for rate of return LECs and the base for adjusting the sharing parameters of the LEC price cap plan. All LECs should be required to reflect the newly authorized rate of return in their April, 1993 access filings.

GSA's Reply Comments demonstrate that the trigger for represcriptions should be 10 year Treasury Bonds as opposed to Aa Public Utility Bonds as proposed by USTA. GSA also demonstrates, however, that the change in yield of either type of bond is great enough to trigger a new rate of return proceeding.

GSA's review of the Comments in this proceeding indicates widespread support for streamlining of the represcription process, and unanimity in opposing restrictions on the arguments which can be raised by parties.

Finally, GSA fails to find LEC arguments in the enforcement area relevant to GSA's proposal to introduce the price cap sharing mechanism to rate of return LEC regulation.

**OCT 13 1992**

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

CC Docket No. 92-133

1

target for rate of return LECs and the base for adjusting the sharing parameters of the LEC price cap plan. GSA urged the Commission to act promptly so as to allow incorporation of its findings in the rates established for all LECs on July 1, 1993.<sup>1</sup>

The United States Telephone Association ("USTA") and 31 other parties also filed comments. All of these additional filings were made by LECs or their advocates, and most endorsed USTA's comments. GSA was the only customer party to submit comments. The lack of apparent interest in this proceeding by LEC customers may have been due, at least in part, to the Commission's statement in a footnote that "any future represcription would not affect the sharing zones for price cap LECs."<sup>2</sup> As GSA explained in its Comments, this statement is erroneous and should not be allowed to govern the Commission's deliberations in this proceeding.<sup>3</sup>

The lack of public participation in this proceeding is particularly troublesome given the current state of the capital markets. As GSA pointed out in its Comments, the cost of capital has declined greatly since the last rate of return prescription in 1990.<sup>4</sup> Since the LECs are benefiting from the effects of "regulatory lag", it is not surprising that this

---

<sup>1</sup> Comments of GSA, p. i.

<sup>2</sup> NPRM, footnote 92.

<sup>3</sup> Comments of GSA, pp. 2-6.

<sup>4</sup> Id., p. 10.

fact was not mentioned in their comments. Had the cost of capital gone up as much as it has actually gone down, the LECs likely would be demanding prompt Commission represcription of the price cap sharing bands. Under the current circumstances, the burden of protecting the public interest rests particularly heavily upon the Commission.

GSA will respond to the comments of the USTA and other parties in these Reply Comments. GSA will again demonstrate the need for prompt Commission action to reform its rate of return processes and initiate a new represcription.

II. PRICE CAP SHARING LIMITS SHOULD BE ADJUSTED  
WHENEVER THE AUTHORIZED ROR IS REPREScribed.

The LEC Price Cap Order stated the following:

129. In order to provide a reasonable period in which to review the operation of the price cap plan, we anticipate continuing the earnings levels in the backstop at the levels adopted here, for at least the initial four-year price cap period, absent a compelling reason to adjust them.<sup>5</sup>

As GSA demonstrated in its Comments, the only reasonable and lawful interpretation which can be made of this statement is that a change in the authorized rate of return represents a "compelling reason" to adjust the LEC price cap sharing

---

<sup>5</sup> Policy and Rules Concerning Rates for Dominant Carriers, CC Docket No. 87-313 Second Report and Order, 5 FCC Rcd 6786 (1990) and Erratum, 5 Fcc Rcd 7664 (1990) ("LEC Price Cap Order"), para. 129.



levels.<sup>6</sup> Retention of old sharing levels in the face of a higher authorized rate of return borders on confiscation; retention of old sharing levels in the face of a lower authorized rate of return would result in windfall profits.

USWC recognizes the role which the authorized rate of return plays in the affairs of price cap LECs as follows:

However, the authorized rate of return is of interest to, and can directly impact on, USWC in at least three instances: (1) the authorized rate of return sets the parameters of USWC's sharing obligations under the price cap rules; (2) the authorized rate of return could be a relevant factor in the FCC's promised four-year evaluation of the price cap rules, both in terms of the evaluation itself and in terms of a subsequent regulatory structure and (3) the authorized rate of return could become an important factor should the FCC's price cap rules be reversed on appeal.<sup>7</sup>

However, USWC contends that this proceeding will not lead to a process of determining its rate of return. USWC states:

Because this proceeding applies only to a limited number of carriers -- those not subject to price caps -- in all of these events, the existing rules and rate of return would continue to apply to USWC until after the FCC had taken additional action with respect to USWC's rate of return. USWC has a variety of problems with the existing Part 65 procedures, but does not wish to clutter the record in this proceeding where USWC is not affected by the outcome. The FCC should be sure to reconfirm the limited nature of the proceeding in its final order.<sup>8</sup>

---

<sup>6</sup> Comments of GSA, pp. 2-6.

<sup>7</sup> Comments of U S West Communications, Inc. ("USWC"), pp. 1-2, (Footnotes deleted; emphasis added).

<sup>8</sup> Id., p. 2.

Apparently, USWC assumes that the Commission will some day come up with an entirely new process to determine its authorized rate of return. GSA doubts that a firm would be taking such a relaxed position if the cost of capital was going up instead of down.

In any case, the Commission should affirm that this proceeding applies to the process for determining the authorized rate of return applicable to all interstate access services. It thus applies to the interstate access services of both rate of return and price cap LECs. The application of this target return varies according to the type of regulation employed, but the level of the authorized rate of return does not. In the case of price cap carriers, USWC is correct in stating "the authorized rate of return sets the parameters of USWC's sharing obligations under the price cap rules."<sup>9</sup>

---

<sup>9</sup> Id.

III. CHANGES IN THE COST OF CAPITAL SHOULD  
BE EXAMINED ANNUALLY AND REPRESRIPTION  
PROCEEDINGS SHOULD BE INITIATED IF  
SIGNIFICANT CHANGE HAS OCCURRED.

In its Comments, GSA recommended that an automatic trigger be established and consulted each September to determine whether there has been a significant shift in the cost of capital since the last prescription.<sup>10</sup> If the trigger indicates that a change has occurred, the Commission would initiate a proceeding designed to establish a new authorized rate of return in time for its incorporation in the annual LEC access filings made each April. In this way, the tariffs which go into effect each July would reflect current capital market conditions.

USTA recognizes the benefits of an automatic trigger as follows:

One benefit of an automatic trigger is that it would eliminate controversy over its application and operate objectively over time. Another benefit is that it would insulate the Commission and carriers better from external pressures.<sup>11</sup>

USTA goes on to suggest, however, that if "the Commission adopts a semiautomatic trigger, interested parties should be able to comment on whether a repescription is merited."<sup>12</sup>

---

<sup>10</sup> Comments of GSA, pp. 6-7.

<sup>11</sup> Comments of USTA, p. 37.

<sup>12</sup> Id., p. 38.

GSA grants that changes in the credit markets can begin in any month, but suggests that as long as the Commission maintains a schedule of annual access filings, this schedule should be recognized in the rate of return process. By initiating rate of return proceedings in the fall, their outcome can be reflected simply and efficiently in LEC rates by the following July. Rate of return proceedings initiated at any other time of year would cause disruptive and burdensome additional tariff filings to be made to reflect their outcome. For price cap carriers, significant shifts in the cost of capital would be recognized under GSA's proposal through sharing zone changes at the same time that inflation, productivity and exogenous factors are recognized through price cap changes.

GSA believes the trigger mechanism should be relatively automatic and based on the concept that once a proceeding begins it will result in either a new authorized rate of return and trigger level, or an affirmation of the current rate of return with a resetting of the trigger level. The trigger mechanism should also recognize that if a proceeding is not begun, it will be a full year before a new proceeding will be initiated. In other words, the initiation of a proceeding does not necessarily result in a change in the authorized return, but the failure to initiate a proceeding will postpone the process for a year.

In any case, however, GSA does not believe that the seeking of public comment should be built into the trigger

process. The trigger chosen should be clear enough to require minimal interpretation. The introduction of additional data and arguments should be saved for filings made once proceedings are initiated.

IV. A CHANGE OF 1.5 PERCENT IN THE  
10 YEAR TREASURY BOND YIELD SHOULD  
TRIGGER A RATE OF RETURN PROCEEDING.

In its Comments, GSA recommended that the Commission initiate a rate of return proceeding when the yield on 10 year Treasury Bonds ("T-Bonds") changes by 1.5 percent compared to its level at the time of the last represcription. GSA demonstrated that such a trigger would cause the initiation of a proceeding when, and only when, a significant change occurs in the capital markets.<sup>13</sup>

USTA has proposed a similar trigger. USTA would have the Commission initiate a proceeding at the time there has been a 150 basis point shift in the six-month moving average of Aa public utility bond ("Utility Bond") yields as measured by Moody's Bond Record ("Moody's"), that lasts for six consecutive months, commencing after the completion of this rulemaking.<sup>14</sup> Centel would add a requirement that the latest month also reach the trigger point to "avoid unnecessary represcriptions when

---

<sup>13</sup> Comments of GSA, pp. 8-10.

<sup>14</sup> Comments of USTA, pp. 33-34.

changes in the credit markets reverse or correct themselves in the short term."<sup>15</sup>

As Attachment A demonstrates, both Utility Bond and T-Bond yields are highly correlated to changes in equity returns as measured by the median Discounted Cash Flow ("DCF") of the lower half of the Standard and Poor ("S & P") 400. Since 1983, the differences between the highest and lowest risk premiums calculated on both bases are also quite similar. GSA continues to favor the use of T-Bonds as the trigger, however, because they represent the risk-free rate underlying all capital instruments. Although little distortion is evident on Attachment A, the use of Utility Bonds instead of T-Bonds would introduce the possibility of changes peculiar to the electric industry into the trigger mechanism. Additionally, although the Utility Bond yield is provided on a monthly basis to subscribers of Moody's Public Utility Manual,<sup>16</sup> it is not widely published. T-Bond yields, on the other hand, are published daily in most newspapers, including The Wall Street Journal and USA Today. All in all, it would seem more appropriate for the Commission to use the risk free yield on US Treasury securities than a privately compiled yield on electrics and other utilities as its trigger.

No matter which trigger the Commission chooses, however, it is critical that the Commission explicitly recognize the

---

<sup>15</sup> Comments of Central Telephone Company ("Centel"), pp. 3-4.

<sup>16</sup> GSA understands the annual subscription fee to be \$1195.

level it considers the base for triggering the next proceeding. Since the current rate of return was adopted in September, 1990, GSA would recommend that the level in that month represent the current base. For Utility Bonds, the yield was 9.87 percent<sup>17</sup>; for T-Bonds the yield was 8.89 percent.<sup>18</sup> To tie the new trigger to the date of this proceeding, as USTA suggests, would be quite illogical, since the purpose of the trigger is to indicate changes in capital markets since the last rate of return determination.

GSA proposed in its Comments a trigger based on the latest available month, similar to Centel's proposal that the latest month reach the trigger point. USTA's proposal, on the other hand, would carry data in its calculations for a full year, since it proposes six consecutive months of a rolling six month average. GSA believes USTA's calculations go too far in looking backwards. But if the Commission should find during its September review that the yield on T-Bonds has been higher or lower than the base for the last six months, it would seem appropriate to initiate a new proceeding, even if the latest month is not a full 150 basis points over the base.

---

<sup>17</sup> Moody's Bond Record, September 1992, p. 82.

<sup>18</sup> Economic Report of the President, February, 1992, Table B69.

V. THE COMMISSION SHOULD CONCLUDE THIS PROCEEDING  
EXPEDITIOUSLY AND CONCURRENTLY INITIATE  
A PROCEEDING TO DETERMINE THE APPROPRIATE  
RATE OF RETURN UNDER CURRENT MARKET CONDITIONS.

By any reasonable standard, current market conditions compel the initiation of a new rate of return proceeding. The cost of capital has been declining steadily for the last two years.

As shown on Attachment B, T-Bond yields have fallen from 8.89 percent in September, 1990 to 6.59 percent in August, 1992 - a drop of 230 basis points. In fact, T-Bond yields have been more than 100 basis points lower than September, 1990 for over a year.

The story is similar for USTA's choice of trigger, Utility Bonds. Also shown on Attachment B is the drop in Utility Bonds from 9.87 percent to 8.30 percent - a drop of 157 basis points. Utility Bonds have been more than 100 basis points below September, 1990 since December of last year.

Indicators such as these demand Commission attention. Every 100 basis points in price cap LEC return represents ratepayer revenues of \$450 million,<sup>19</sup> and it appears that the sharing levels underlying the price cap plan are already seriously out of date. In short, the Commission should make good on its pledge to take action "if changes in the capital

---

<sup>19</sup> Comments of GSA, p. 6.



markets indicate that a represcription proceeding is warranted."<sup>20</sup>

VI. REPRESCRIPTION PROCEEDINGS SHOULD BE  
CONDUCTED AS NOTICE AND COMMENT PROCEEDINGS.

In its Comments, GSA recommended that future represcription proceedings be conducted as notice and comment proceedings. GSA did recommend, however, that normal notice and comment procedures be supplemented by Bureau specified Regional Holding Company ("RHC") basic data filings and by the automatic disclosure of studies, financial analyst reports and other documents the parties' experts relied upon.<sup>21</sup>

Although USTA continued to refer to its recommendations as a "paper hearing" framework, it also endorsed significant streamlining of the process, including the elimination of separately filed proposed and reply findings.<sup>22</sup>

While all parties appear to agree that streamlining would be beneficial, they also agree that the Commission should not attempt to restrict the arguments presented by parties.<sup>23</sup> Although the Commission may find it useful to specify the weight it accords to various types of data, it need not and should not limit the evidence it will consider.

---

<sup>20</sup> NPRM, para. 103.

<sup>21</sup> Comments of GSA, pp. 11-13.

<sup>22</sup> Comments of USTA, pp. 6-31.

<sup>23</sup> See, e.g. Comments of GSA, p. 11; USTA, p. 47; Rochester Telephone Corporation ("Rochester"), pp. 29-32.

VII. EXCESS EARNINGS BY ROR CARRIERS  
SHOULD BE SUBJECT TO THE SAME  
SHARING RULES AS PRICE CAP CARRIERS.

In its Comments, GSA recommended that the sharing rules developed after extensive study for the price cap LECs also be adopted for rate of return LECs. GSA argued that incentive regulation is as appropriate for small LECs as for large ones, and the carefully crafted sharing rules will provide both incentives for the rate of return LECs and appropriate safeguards for their customers.<sup>24</sup>

USTA argued strongly against non-symmetrical refund rules and fines,<sup>25</sup> but did not directly address GSA's proposal. GSA suggests that the use of the term "sharing" has a way of changing LEC denounced "enforcement" into LEC supported "incentive regulation", and sharing should thus be incorporated in the Commission's Part 65 rules.

---

<sup>24</sup> Comments of GSA, p. 13

<sup>25</sup> Comments of USTA, pp. 71-81.

### VIII. CONCLUSION

As the agency vested with the responsibility for acquiring telecommunications services for use of the Federal Executive Agencies, GSA fully supports the Commission's efforts to introduce competition into the provision of interstate access. Until effective competition is realized, however, it is critical that the Commission maintain an authorized rate of return reflective of current capital markets. In this manner, the Commission will protect the consumer's interest in fair and reasonable rates. To this end, GSA strongly recommends that the Commission adopt the reforms discussed above and immediately commence a new rate of rate of return proceeding.

Respectfully submitted,

DENNIS MULLINS  
General Counsel

VINCENT L. CRIVELLA  
Associate General Counsel  
Personal Property Division



---

MICHAEL J. ETTNER  
Senior Assistant General Counsel  
Personal Property Division

GENERAL SERVICES ADMINISTRATION  
18th & F Sts., N.W., Room 4002  
Washington, D.C. 20405

October 13, 1992

## RISK PREMIUM VARIABILITY

ATTACHMENT A

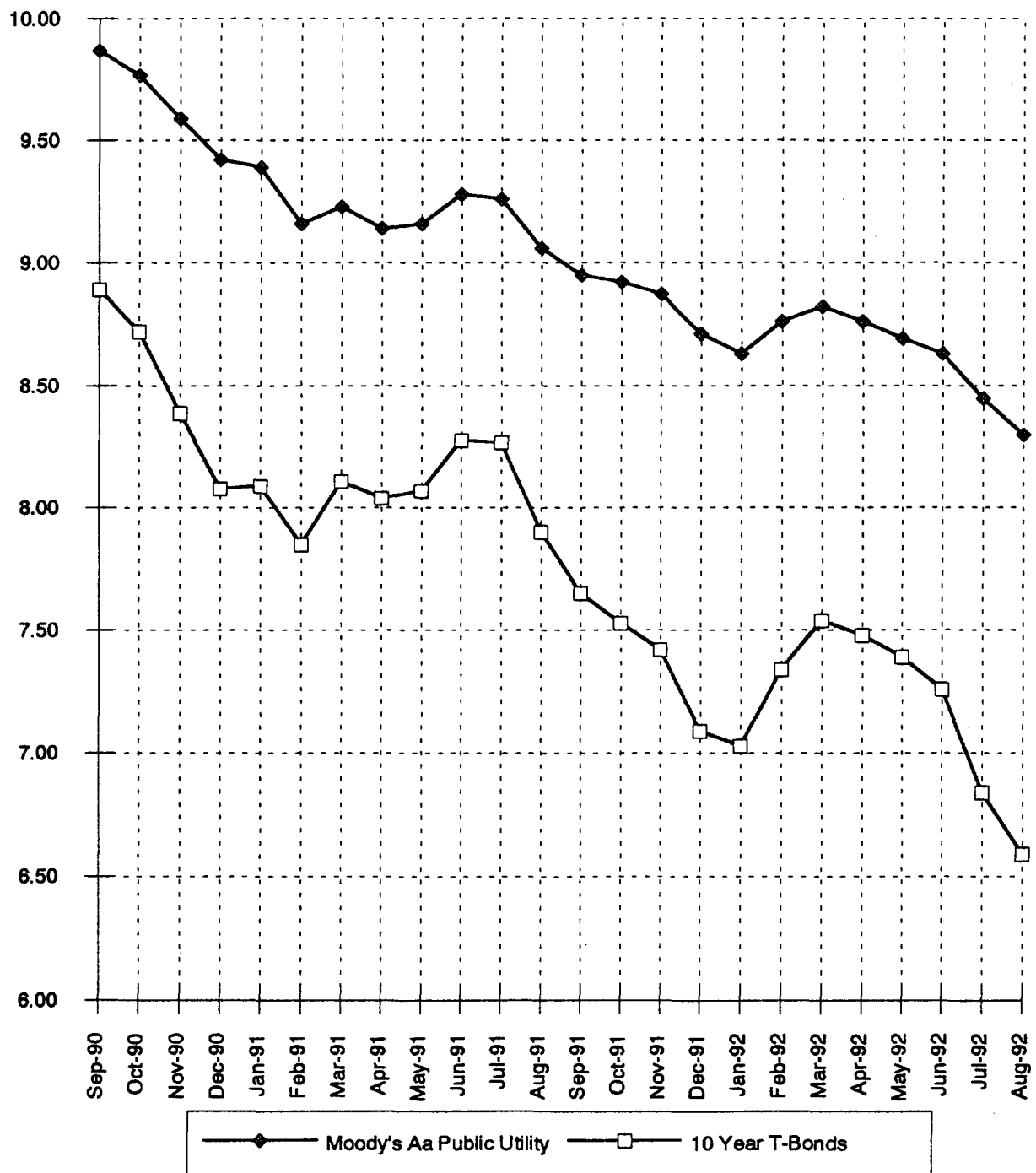
YEAR	QTR.	MEDIAN DCF LOWER HALF S&P 400	PUBLIC UTILITY "Aa" RATED BOND YIELD	RISK PREMIUM	10 YEAR T-BONDS	RISK PREMIUM
----	----	-----	-----	-----	-----	-----
		(a)	(b)	(c)	(d)	(e)
1983	1st	15.94%	12.67%	3.27%	10.56%	5.38%
	2nd	15.76%	12.64%	3.12%	10.54%	5.22%
	3rd	15.92%	13.04%	2.88%	11.63%	4.29%
	4th	15.68%	13.14%	2.54%	11.69%	3.99%
1984	1st	16.03%	13.66%	2.37%	11.94%	4.09%
	2nd	16.36%	14.90%	1.46%	13.20%	3.16%
	3rd	16.22%	13.43%	2.79%	12.87%	3.35%
	4th	15.27%	12.76%	2.51%	11.74%	3.53%
1985	1st	15.24%	13.50%	1.74%	11.58%	3.66%
	2nd	14.73%	11.68%	3.05%	10.81%	3.92%
	3rd	14.48%	11.68%	2.80%	10.34%	4.14%
	4th	14.07%	10.57%	3.50%	9.76%	4.31%
1986	1st	13.58%	9.16%	4.42%	8.56%	5.02%
	2nd	13.35%	9.36%	3.99%	7.60%	5.75%
	3rd	13.16%	9.28%	3.88%	7.31%	5.85%
	4th	12.94%	8.81%	4.13%	7.26%	5.68%
1987	1st	12.66%	8.64%	4.02%	7.19%	5.47%
	2nd	12.85%	9.61%	3.24%	8.34%	4.51%
	3rd	12.80%	10.66%	2.14%	8.88%	3.92%
	4th	13.55%	10.78%	2.77%	9.12%	4.43%
1988	1st	13.28%	9.92%	3.36%	8.42%	4.86%
	2nd	13.37%	10.52%	2.85%	8.91%	4.46%
	3rd	13.42%	10.34%	3.08%	9.10%	4.32%
	4th	13.49%	9.90%	3.59%	8.95%	4.54%
1989	1st	13.46%	9.96%	3.50%	9.21%	4.25%
	2nd	13.27%	9.73%	3.54%	8.77%	4.50%
	3rd	13.13%	9.28%	3.85%	8.11%	5.02%
	4th	13.19%	9.26%	3.93%	7.91%	5.28%
1990	1st	13.22%	9.52%	3.70%	8.42%	4.80%
	2nd	13.11%	9.75%	3.36%	8.68%	4.43%
	3rd	13.48%	9.75%	3.73%	8.70%	4.78%
	4th	13.95%	9.59%	4.36%	8.40%	5.55%
1991	1st	13.37%	9.26%	4.11%	8.02%	5.35%
	2nd	13.04%	9.19%	3.85%	8.13%	4.91%
	3rd	13.09%	9.09%	4.00%	7.94%	5.15%
	4th	13.07%	8.83%	4.24%	7.35%	5.72%
1992	1st	12.86%	8.59%	4.27%	7.30%	5.56%
Maximum				4.42%		5.85%
Minimum				1.46%		3.16%
Difference				2.96%		2.69%
Correlation			94.68		93.48	

## Sources:

Columns (a), (b), (c) - NPRM Exhibit C.

Column (d) - 1983 through 1985, Economic Report of the President, January, 1989, Table B-71.  
 1985 through 1991, Economic Report of the President, February, 1992, Table B-69.  
 1992, Economic Indicators, July, 1992, p.30.

Column (e) - Column (a) minus Column (d).

**Bond Yields****Sources:**

Moody's Bond Record, September 1992, p. 82

Economic Report of the President, February 1992, Table B69

Economic Indicators, August 1992

CERTIFICATE OF SERVICE

I, MICHAEL J. ETTNER, do hereby certify that copies of the foregoing "Reply Comments of the General Services Administration" were served this 13th day of October, 1992, by postage paid or hand delivery (indicated below by asterisks) to the following parties:

Cheryl A. Tritt\*  
Chief  
Common Carrier Bureau  
Federal Communications Commission  
1919 M Street, N.W., Room 500  
Washington, D.C. 20554

Gerald P. Vaughan\*  
Deputy Chief - Operations  
Common Carrier Bureau  
Federal Communications Commission  
1919 M Street, N.W., Room 500  
Washington, D.C. 20554

Kenneth P. Moran\*  
Chief, Accounting and Audits Division  
Common Carrier Bureau  
Federal Communications Commission  
2000 L Street, N.W., Room 812  
Washington, D.C. 20554

Gary Seigel\*  
Accounting and Audits Division  
Common Carrier Bureau  
Federal Communications Commission  
2000 L Street, N.W., Room 812  
Washington, D.C. 20554

Downtown Copy Center\*  
1919 M Street, N.W., Room 246  
Washington, D.C. 20554

Paul Schwedler, Esq.  
Asst. Regulatory Counsel  
Telecommunications  
Defense Information Agency, Code AR  
701 South Courthouse Road  
Arlington, VA 22204-2199

SERVICE LIST  
(CONT)

Richard B. Lee  
Senior Consultant  
Snavelly, King & Associates,  
Inc.  
Suite 410  
1220 L Street, N.W.  
Washington, D.C. 20005

Martin T. McCue  
Vice President and General  
Counsel  
United States Telephone  
Association  
Suite 800  
900 - 19th Street, N.W.,  
Washington, D.C. 20006-2105

Leslie A. Vial  
Attorney for The Bell  
Atlantic Telephone  
Companies  
1710 H Street, N.W.  
Washington, D.C. 20006

William B. Barfield  
M. Robert Sutherland  
BellSouth  
Telecommunications, Inc.  
Suite 1800  
1155 Peachtree Street, N.E.  
Atlanta, Georgia 30367

Durward D. Dupre  
Richard C. Hartgrove  
John Paul Walters, Jr.  
Attorneys for Southwestern  
Bell Telephone Company  
Room 2114  
1010 Pine Street,  
St. Louis, Missouri 63101

James P. Tuthill  
Lucille M. Mates  
Attorneys for Pacific Bell,  
Nevada Bell  
140 New Montgomery St.,  
Room 1526  
San Francisco, CA 94105

Lawrence E. Sarjeant  
Robert B. McKenna  
Attorneys for U S West  
Communications, Inc.  
Suite 700  
1020 19th Street, N.W.  
Washington, D.C. 20036

Josephine S. Trubek  
General Counsel  
Rochester Telephone  
Corporation  
180 South Clinton Avenue  
Rochester, NY 14646

Linda D. Hershman  
Vice-President - External  
Affairs  
The Southern New England  
Telephone Company  
227 Church Street  
New Haven, CT 06506

Thomas E. Taylor  
William D. Baskett III  
Christopher J. Wilson  
Attorneys for Cincinnati  
Bell Telephone Company  
Frost & Jacobs  
2500 Central Trust Center  
201 East Fifth St.  
Cincinnati, OH 45202

Joanne Salvatore Bochi  
Associate General Counsel  
National Exchange Carrier  
Association, Inc.  
100 S. Jefferson Road  
Wippany, NJ 07981

B. Earl Hester, Jr.  
Vice President  
Lexington Telephone Company  
200 North State St.  
P.O. Box 808  
Lexington, NC 27293-0808

SERVICE LIST  
(CONT)

Carol F. Sulkes  
Vice President - Regulatory  
Policy  
Central Telephone Company  
8745 Higgins Road  
Chicago, IL 60631

Theodore D. Frank  
Vonya B. McCann  
Arent, Fox, Kitner, Plotkin  
& Kahn  
Attorneys for Central  
Telephone Company  
1050 Connecticut Avenue, NW  
Washington, D.C. 20036-5339

Thomas P. Kerester, Esq.  
Chief Counsel for Advocacy  
Barry Pineles, Esq.  
Assistant Chief Counsel  
Office of Advocacy  
United States Small  
Business Administration  
409 3rd Street, S.W.  
Washington, D.C. 20416

John N. Rose  
Executive Vice President  
Organization for the  
Protection and  
Advancement of Small  
Telephone Companies  
Suite 205  
2000 K Street NW  
Washington, D.C. 20006

Carolyn C. Hill  
Federal Regulatory Counsel  
Alltel Service Corporation  
Suite 1000  
1710 Rhode Island Ave. NW  
Washington, D.C. 20036

David Cosson  
L. Marie Guillory  
Attorneys for National  
Telephone Cooperative  
Association  
2626 Pennsylvania Ave. N.W.  
Washington, D.C. 20037

Marc A. Stone  
Manager -  
Regulatory/Legislative  
Affairs  
Fred Williamson &  
Associates, Inc.  
Suite 200  
2921 East 91st Street  
Tulsa, OK 74137-3300

Ray J. Riordan, CAE  
Executive Vice President  
and General Counsel  
Wisconsin State Telephone  
Association  
6602 Normandy Lane  
Madison, WI 53719

Donald W. Gruneisen  
President and General  
Manager  
Nicholville Telephone  
Company, Inc.  
P.O. Box 122  
Nicholville, NY 12965-0122

Mark H. Blacke, CFO  
Community Service  
Telephone Co.  
33 Main Street  
Winthrop, ME 04364

Michael A. Gotstein  
President/General Manager  
Casco Telephone Co.  
212 Church Ave.  
P.O. Box 126  
Casco, WI 54205-0126

Frank M. Sahlman, Sr.  
President  
Topsham Telephone Co., Inc.  
Box 1075  
East Corinth, VT 05040



SERVICE LIST  
(CONT)

Curtis W. Barker  
Vice President/General  
Manager  
Delhi Telephone Company  
107 Main Street  
P.O. Box 271  
Delhi, NY 13753

Andrew D. Jader  
Vice President -  
Administration  
Nebraska Central Telephone  
Company  
P.O. Box 700  
Gibbon, NE 68840

J. Allen Layman  
President and Chief  
Executive Officer  
Roanoke and Botetourt  
Telephone Company  
P.O. Box 174  
Daleville, VA 24083

Telecommunications Report  
11th Floor, West Tower  
1333 H Street, N.W.  
Washington, D.c. 20005

Michael J. Ettno